CITY HALL COUNCIL CHAMBERS
SANTA MARIA, CALIFORNIA
SPECIAL MEETING

JANUARY 29, 2008

CALL TO ORDER:
Mayor Lavagnino called the Special Meeting of the City Council to order at 9:00 a.m.

PLEDGE OF ALLEGIANCE TO THE FLAG.
Mayor Lavagnino led the Pledge of Allegiance to the Flag.

ROLL CALL:

CITY COUNCIL
MEMBERS PRESENT:
Councilmembers Orach, Patino, Trujillo, Zacarías and Mayor Lavagnino.

STAFF MEMBERS PRESENT:
City Manager Ness, City Attorney Trujillo, Assistant City Manager Haydon, Director of Recreation and Parks Posada, Director of Administrative Services Snodgrass, Director of Public Works/City Engineer Whitehead, Director of Utilities Sweet, Planning Division Manager Woods, Assistant Fire Chief Moreno, Police Chief Macagni, Police Commander Green, City Librarian Buchanan, and Chief Deputy City Clerk Perez.

PUBLIC COMMENT:
There were none at this time.

CITY COUNCIL GOAL-SETTING WORKSHOP
City Manager Ness gave the staff report. Since 2000, the City Council hasgone through the process of conducting goal-setting exercises prior to the beginning of the two-year budget process. Department Directors were already beginning to prepare their budgets for the upcoming 2008-10 budget cycle. During the 2006 goal-setting exercise, the City Council developed ten overall city-wide goals. At the January 15, 2008 City Council meeting, the City Council received public input on what items should be considered by the Council during its Goal Setting Workshop.

City Manager Ness reviewed the 10 city-wide goals developed in 2006. Those goals were: enhance public safety services for our residents; address traffic safety issues; better the quality of life for our next generation to come; enhance code compliance-related activities; enhance the economic vitality of the City; finalize and adopt the Downtown Specific Plan; plan for future annexations and growth; initiate a long-range planning "visionary" plan; improve public facilities/infrastructure, to include restrooms in parks and explore the possibility of an equestrian center; and augment the overall housing stock by providing a balanced housing market and encouraging owner-occupied housing. Of the ten goals, eight have been addressed, one (Finalize and adopt the Downtown Specific Plan) is nearing completion, and one (Initiate a long-range planning "visionary" plan) was deferred until other significant projects in the pipeline were brought to fruition; projects that have a direct impact on the stated goal, i.e., the Downtown Specific Plan, the Airport Specific Plan, and the relocation of the Transit Center, to name a few. He reviewed the tasks completed by Departments toward achieving each goal.

Councilmember Zacarías referenced the Los Flores project and equestrian access on a limited basis and asked whether it had already been approved or was just something that was being discussed.

City Manager Ness stated that on January 25, 2006, in response to comments made by the public, the Council established the 10 city-wide goals which at the time included the public's wishes to include equestrian access or trails at Los Flores. Since that time, the Utilities and Recreation and Parks Departments have been working on plans for the use of the property. The Director of Recreation and Parks has also been working with the Recreation and Parks Commission to develop a plan for passive recreational uses.

Utilities Director Sweet stated Utilities funded, and the Community Development Department prepared, a Mitigated Negative Declaration for the Los Flores property which would be going to the Planning Commission soon to allow passive recreation use for hiking, equestrian, and mountain biking access. Two rainy years were needed to complete the biological study to satisfy the Department of Fish and Wildlife Service. By using the existing roadway system, staff believed some passive recreation uses would be allowed there without creating any environmental damage. Staff was looking at establishing a docent-led program for the recreational uses.

Councilmember Patino asked if there had been any discussions with the school districts regarding using the property for biological or science camps or environmental studies.

Director Sweet stated, at this time, staff had to find the lowest environmental impact uses for the site which would include docent-led programs of hiking, biking, and equestrian uses on existing roadways.

City Manager Ness asked the Council to re-authorize the 10 City-wide goals for the next two-year budget cycle as they were all sustaining goals, and then give staff direction on what the project priorities should be for the next two years.

City Manager Ness then discussed the finances of the City. The City was looking at a very uncertain upcoming two years due to the economy and the State budget deficit. At this point, it appeared the City could be finishing the year with a $1.5 million General Fund surplus. Staff hoped to present to the City Council a balanced budget for 2008-09 fiscal year without using any reserves. The City would probably not be able to add to reserves and would probably be using some of the $1.5 million surplus to balance the General Fund budget.

Councilmember Zacarías asked how much money the City currently had in reserves.
City Manager Ness stated the City began putting money into the Local Economic Augmentation Fund (LEAF) in 2000-01 fiscal year. The intent was to set aside a little bit of money in better times so there would be a cushion in the down times. Over the years from 2000-01 to 2005-06, the City was able to set aside money in that fund. After 2005-06 no additional contributions were made because the City needed the money in the budget and staff felt the reserves were sufficient. Currently, there is about $11.6 million in the LEAF fund or about 22% of the General Fund operating budget. The City had also set aside 25% or $12.5 million in General Fund reserves. In the Enterprises Funds, the goal was to set the reserves at about 20% of operating costs. The City was close to the 20% mark.

Assistant City Manager Haydon commented that the State budget at the current time had a $14.5 billion budget deficit. When the State implemented the Triple Flip (the shift of property taxes) several years ago, there was only an $8 billion deficit in the State budget. The State balanced that budget on the backs of cities. The $8 billion deficit three years ago equated to a $1.1 million hit for the City of Santa Maria's General Fund. When the voters approved Proposition 1A, it provided some security for local governments. Staff estimated that the City could be looking at somewhere between $750,000 to over a $1 million in State take-aways this time.

City Manager Ness stated the Governor's budget currently called for a $14.5 billion budget deficit which would probably go up over the next few months. The City will be adopting its budget in mid-June. The State would not be adopting its budget until September or October, so staff would be taking a very cautious approach. Proposition 1A passed several years ago by the voters did protect cities from raids by the State of sales taxes, property taxes, and vehicle license fees. The Governor's proposed budget does not take any money away from cities at this point. Under the provisions of Prop 1A, in order to impact cities, the State and Governor would have to proclaim a significant State fiscal hardship. The Governor has already done that. The State cannot take local government revenues, but it can borrow those revenues. The provisions of Proposition 1A include adoption by 2/3's of the legislature of a separate urgency bill; the legislature must pass a law to fully repay the loan with interest within three fiscal years; new loans are prohibited until prior loans are repaid; the State can only borrow two times in 10 years; and the

amount is capped at 8% of the local government property tax amount. That could mean an impact to the City of between $625,000 and $650,000. There were several other impacts staff was monitoring such as gas tax, booking fees, vehicle license fees, Measure D funds, and Proposition 42 revenues. It appears there may be a 4 to 6 month delay in receiving gas tax revenues. That equates to about a $700,000 impact to the City which would delay some street and road projects. Currently, the City does not pay booking fees and has not since July of 2007. Booking fees may be reinstituted for about $150,000 in impact to the City. The Governor may reluctantly be forced to reinstitute higher vehicle license fees, all of which would go into backfilling the State budget. Additionally, there would be a November 2008 ballot measure for renewal of Measure D. The City currently receives a little less than $5 million a year. If Measure D funds went away, it would be a huge impact to the City. The City would need to make contributions from the General Fund to fund streets and roads. However, Police and Fire Departments represent over 56 percent of the appropriations in the General Fund budget. Finally, about $870,000 a year in Proposition 42 funds could go to the State rather than the City. Although the City has not received any Proposition 42 funding in the last several years, the City is due to receive that money in 2008-09. The Governor's budget currently includes a Constitutional Amendment to curb spending, to borrow $3.3 billion through the issuance of more bonds, a 10% cut on all State Departments' budgets, and to delay payments for existing programs. Staff believes it will be able to present a balanced budget to the City Council. There probably will not be any chance to set aside any new money into reserves for 2008-09 or 2009-10. It would be a status quo budget with no new programs and very few new positions, if any; although, there would be new costs associated with the opening of the new library.

Councilmember Zacarías asked if there were any plans for using the existing library and funds set aside for that purpose.

City Manager Ness explained that he would be covering that as part of the proposed projects for the next two-year budget.

City Manager Ness reviewed the comments from the public at the January 15, 2008, City Council meeting related to potential goals. He then reviewed the list of major projects/priorities that the City will need to address over the next few years and the estimated cost for each:

Short-Term (Finance/Capital-related)
Finance the construction deficit of the library - $2.5 million
Finance the first (full year) operational costs of library – $250,000/year, on-going
Finance recently approved employee salary and benefit packages – $1.5 to $1.7 million/year, on-going
Pursue relocation of McClelland Street DMV office – $1 to $2 million
Remodel the old library – $8 million
Pursue construction of two new fire stations – $5 million + $1.2 million/year for staffing, on-going
Finance the Wastewater Treatment Plant expansion – $10 million
Development of Los Flores Property – unknown at this time
Levee study and protection measures – unknown at this time

City Manager Ness next reviewed short-term, planning-related projects proposed for the next two years and indicated the City may have costs associated with these projects, however, the costs were unknown at this time.

Short-Term (Planning/Project-related)
Airport Business Park Development
Downtown Specific Plan/Jones Street Corridor/Transit Center
Enhanced traffic control measures, including red-light cameras
Reauthorization of Measure "D" financing
Move City Impound Yard Project forward
Quail Run Development
Lakeview Promenade
Enos Ranchos Annexation
Mahoney Ranch Development

Area 9 Development
Union Valley Parkway

City Manager Ness reviewed two longer-term, planning/capital-related projects that had been identified, including: begin planning for a new Police Station at approximately $30 million and development of Bradley Ranch.

At this time the Mayor allowed public input.

Noemi Velasquez spoke regarding incorporating into the City's housing goals the need for farm worker housing and incorporating that need into large housing projects, and to provide youth programs that were culturally and linguistically inclusive to all the youth in Santa Maria.

Barbara Bello spoke in favor of developing on-going revenue sources for the State including tolls for out-of-state trucking coming into California to be used for upkeep of the roads and a regulatory tax for anyone entering California. She expressed concern that California had programs such as the State lottery and cigarette taxes with no oversight on how that money was being spent.

Joann Marmolejo spoke regarding the Elks Baseball Field and the benefit to the youth of the community. The City has also benefited when tournaments are held there. Having the field next to the Abel Maldonado Youth Center was an ideal location which gave the youth the sense of an area in town that represented them. Some people felt the field should be torn down and replaced with housing as part of the Downtown Specific Plan or the Jones Street project. That would leave no central location to play baseball and would take away the sense of having a youth area in town. She suggested leaving the Elks Baseball Field where it is.

Joan Leon stated she went over the list of City-wide goals and tried to figure out where the funding came from. She said she understood that AB1600 fees could only pay for capital improvements and could not pay for staffing. She asked where the money came from for the additional staff that was hired over the last two years. If NHIS was paying for the Public Safety employees, would that money run out at some time. She asked about the status of the environmental documents for the Los Flores property. She suggested City Manager Ness's comments be published in the newspaper for the benefit of the public. She asked that the Planning Commission's agenda with staff reports be posted on the City's web site. The City did a lot to attract people to Santa Maria. There was an ordinance that provided a majority of the hotel bed tax money to the Chamber of Commerce. She suggested the ordinance be changed to allow the City to keep more of that money.

Deborah Brasket, SBCAN, distributed a copy of SBCAN's comments regarding the City-wide goals. SBCAN developed a document that talked about the need for housing, open space and transportation to be looked at together. One of the City's goals was to augment the overall housing stock by providing a balanced housing market. SBCAN's position was that new housing development could only be justified if it helped low income and working people living in the community, affordable housing should stay affordable in perpetuity. Mixed use, second units and other housing developments that utilize already developed land should be emphasized, and rental housing should be a priority over home purchase in filling low-income housing needs. Another important area was preserving open space and expanding public spaces and parks. Development should be contained within the urban limit land and avoid sprawl. The City should preserve and protect agricultural lands, green belts, and open spaces. Land zoned for agriculture should not be annexed into the City for the purpose of developing the site. Under the goal of providing a better quality of life, SBCAN would like to add "increase alternative transportation." They would also like to add "develop a sustainable, energy efficient, and green economy." She briefly reviewed the suggested actions associated with those two proposed goals including investing in transportation systems that reduce congestion, pollution and nonrenewable energy; relocating transportation resources toward mass transit; using TDA funds exclusively for alternative transportation; completion of the downtown transit center; require all new city buildings be constructed with green materials, using renewable energy sources, and other energy-saving installations; develop eco-friendly policies; explore ways to create jobs to

allow low-income workers to move up the economic ladder; and discourage the creation of jobs that do not pay living wages or offer health benefits to employees.

Natalia Bautista, PUEBLO, spoke on behalf of seasonal workers who were the foundation of the local economy. She emphasized the need for affordable housing for farm workers who wish to live here as well as housing for seasonal workers. She said she hoped to see a plan to address the affordable housing needs and also a plan to provide transportation for farm workers in order to lessen the impact of traffic. She emphasized the difference between those farm workers who work all year and those who are seasonal workers and the need to provide housing and transportation for these people.

Marty Mariscal commended the City on its business-friendly climate. Businesses generate tax revenue. The City's investment in the Chamber of Commerce and the Economic Development Commission were wise investments because it returned to the coffers of the City many times the investment. Prior Councils were to be commended for setting up the reserves. He wanted to remind the Council that the General Fund monies could augment Enterprise Funds, but it couldn't go the other way. Councilmember Patino talked about the County Assessor reassessing property values, but what about the people who could not pay their taxes even if those taxes were lowered. The City needed to build a bigger bridge with the agricultural industry. There was a significant impact to the community from that industry. He suggested the City ask the agricultural industry to voluntarily give the City a S.10-per-flat-of-strawberries donation to establish a housing fund for the farm workers. Last year the strawberry growers generated 18 million flats of strawberries which would be $1.8 million per year into a housing fund that could specifically go to low-income, farm worker housing.

Belen Seara, PUEBLO, stated she has heard the word recession many times recently. She thought it was important to keep that in mind that the low-income people in the community had been in a recession for many years. The City needed to take into account the seasonal workers and low-income families in the community. She also commented that the time of the meeting prevented most people from attending.

On motion by Councilmember Orach, seconded by Councilmember Patino, and carried unanimously, the previous 10 city-wide goals were re-established for the 2008-10 budget cycle.

City Manager Ness suggested the Council adopt the list of major projects/priorities as the City's priorities for 2008-10.

Mayor Lavagnino indicated he could accept that list as the priorities.

Councilmember Orach agreed with the list of projects.

Councilmember Patino stated she could support the list of projects; although, she would like to add two items. The first was to add a new police officer specifically for the City's gang suppression efforts at approximately $114,000 in on-going costs; and the second was to hire another Code Compliance Officer at approximately $76,000 in on-going costs. She understood that the City might need to keep a status quo budget, but she wanted those things put on a list to look at after the State budget was adopted.

Councilmember Trujillo stated he would support the list of projects presented.

Councilmember Zacarías thanked the public for its input and responded to some of the comments on low-income housing, being culturally and linguistically inclusive, preserving open space, and the suggested new revenue sources. She presented two items on her wish list including to continue the $30,000 investment from the City to CDBG funds for youth activities and to try to find matching funds; and secondly, to look at improving the community by improving neighborhoods. If the City could do one thing to improve the relationships across the differences in the community, it would be serving future generations in a profound way. There were not enough opportunities in the City to bring people together.

Mayor Lavagnino stated he liked the project list. The City had been working on providing low-income housing. The City did need to become a closer-knit community. The neighborhoods, and the maintenance of those neighborhoods, was important. Preserving agriculture was important, and the City had done more than any other city in the County by establishing agricultural buffer zones. The City was going to grow. The Council had to be careful that it didn't overtax the environment and make sure Santa Maria was a place people wanted to live.

On motion by Councilmember Orach, seconded by Councilmember Patino, and carried unanimously, the list of major projects/priorities was adopted as the City's priorities for the 2008-10 budget cycle including the following items proposed by Councilmember Patino and Councilmember Zacarías:

Police Officer for gang suppression
Code Compliance Officer
Continue the $30,000 from City to CDBG funds for youth activities and increase it if possible
Neighborhood Development

CLOSED SESSION
Council recessed to Closed Session at 11:29 a.m. for Conference with Labor Negotiator pursuant to Government Code Section 54957.6, Agency representative - Assistant City Manager, Employee Organization - Santa Maria City Fire Fighters Union, Local 2020.

Following the Closed Session, the following report was given:

Conference with Labor Negotiator: Santa Maria City Fire Fighters Union, Local 2020 – Direction to staff was given.

ADJOURNMENT:
There being no further business to come before the City Council at this time, Mayor Lavagnino declared the meeting adjourned at 11:46 a.m. to the Regular City Council meeting on Tuesday, February 5, 2008, at 6:30 p.m. in the City Hall Council Chambers.

APPROVED

February 19, 2008
Date

Chief Deputy City Clerk of the City of Santa Maria and ex officio Clerk of the City Council

ATTEST

Chief Deputy City Clerk

Mayor of the City of Santa Maria